

**Domestic Fundamentals:****Market Outlook:**

The Rajkot mandi price for variety Shankar 6 stood Rs.38,800/per candy (69.52 cents/lb). Cotton prices across India reported to showed mixed trend across. ICE cotton managed to move higher, despite weakening US export data, on generally positive sentiment regarding US – China trade talks, very strong US economic data, an expectation for lower carryout in the Dec WASDE report and a modest weakening in US currency.

**News:** As per the latest data released by ICAL, total arrivals in North zone reached around 27.82 lakh bales from 1<sup>st</sup> Sep'19 till 30<sup>th</sup> Nov'19 up compared to 27.72 lakh bales in the same period last year. So far, arrivals in Rajasthan stood at 14.09 lakh bales followed by Haryana at 10.43 lakh bales and Punjab at 3.29 lakh bales in the same period. CCI procured 74,922 bales from the above three states as on 30<sup>th</sup> Nov'19. CCI procured majority of cotton from Abohar (8,456 bales) in Punjab followed by Fazilka (1,892 bales). In Haryana, CCI has not been seen much active covering only 4 centres in the state: Kalanwali (10,609 bales), Adampur (6,548 bales), Ellenabad (5,159 bales) and Sirsa (2,588 bales). Whereas CCI was active in many areas in Rajasthan supporting the prices and maintaining around MSP.

According to the Telangana state pressing report of October and November'19, Adilabad pressed 1,60,000 bales followed by Warangal (1,42,000 bales), Nalgonda (1,40,000 bales), Mahabubnagar (95,000 bales) with total pressed bales of 7,08,700 bales so far. In Adilabad district, still the farmers are facing problems in selling their produce as CCI refused to buy stating that moisture content was high and now in the name of Koudi (insect) which attacks the crop at the final stage. Farmers are worried as private traders are purchasing the cotton at a cost of Rs 4,500 per quintal. About 6.81 lakh quintals of cotton came to Adilabad market yard for sale. Of this, CCI had purchased 4.93 lakh quintals and private trades purchased 1.87 lakh quintals.

World Trade Organization (WTO) panel has determined that India's export subsidies are inconsistent with WTO requirements based on the complaint lodged by US. India has appealed against the decision. The panel decision against the Indian subsidy measures, in particular, the Merchandise Exports from India Scheme (MEIS). Government has announced two initiatives to incentivize producers and exporters in India so as to smoothen the exports as the Indian cotton prices are higher than other in the competitive countries.

As on 3<sup>rd</sup> Dec'19, CCI procured 7.50 lakh bales in total across India, buying the large quantity of 4.65 lakh bales from Telangana followed by 1.21 lakh bales from Punjab, Haryana and Rajasthan. Around 74,000 bales were procured from Maharashtra, 37,000 bales from Gujarat and the minimum purchases of 9,500 bales were reported from Andhra Pradesh. According to the trade sources, around 45.5 lakh bales have been arrived in the Indian markets so far as on 3<sup>rd</sup> Dec'19.

The CCI procurement commenced after a long wait in Dabwali, Haryana. CCI started buying from today because of which the prices stood higher at Rs.5450/q against Rs.5000/q before the procurement started because it was bought by the private traders. As in Punjab and Haryana, CCI is procuring for the first time this year, therefore, the procurement is sluggish in the North India.

According to the latest data released by the textile industry, the Indian cotton yarn exports declined drastically by 33.3% till Oct'19 from the starting of the financial year in April'19. India exported 753 million kg in 2018 while only 502 million kg in 2019 during April to October. The top importers of cotton yarn (including raw cotton) were China (-53%), Bangladesh (-37.9%) and Egypt (-0.73%) so far in 2019 although the exports to these countries were lesser compared to the previous year (2018) because of disparity between domestic and international cotton prices. Decline in raw cotton exports from Bangladesh (-42%), Vietnam (-80.7%), China (-88.6%), and Taiwan (-63.2%) due to lower demand while the exports increased to Iran (837%), Oman and Nepal (22.9%).

According to the trade sources, the Indian cotton exports for the Oct'19 were reported at 1.33 lakh bales against 71,403 bales in the previous month. In Oct'19, Bangladesh was the largest importer, importing 1.24 lakh Indian bales with an average FOB of 1.75 \$/Kg lower compared to 1.82 \$/kg previous month followed by Vietnam importing 2711 bales at 1.67

\$/Kg, Indonesia at an average of 1.58\$/kg for 2353 bales. China also has started importing cotton from India but in small quantities. India exported around 1316 bales at an average FOB of 1.67\$/kg in the new season in October'19.

**According to the sources, the major procurement center Adilabad in Telangana, CCI is procuring cotton at MSP (Rs.5550/q) cotton having moisture level between 8-12%.** Cotton having more than 12% moisture content is being rejected by CCI which is sold to the private traders at an average price of Rs.4500/q. So far, 1.17 lakh bales have been procured Telangana started on 6<sup>th</sup> November'19. Whereas, CCI procured around only 5000 bales in Guntur district of Andhra Pradesh that started from 21<sup>st</sup> Nov'19 because the procurement is sluggish in the state due to high moisture content.

**According to the latest estimates of released by CAB, the crop size estimate for the season 2019-20 is retained at 360 lakh bales against 330 lakh bales in 2018-19.** As per CAB estimates, cotton sowing for the 2019-20 year is about 1 per cent down at 125.84 lakh hectares. Also, CAB indicated that India's domestic cotton consumption may rise 4-5 per cent during 2019-20 as it expects the consumption of the fiber to remain at around 331 lakh bales for the year, against 316.5 lakh bales estimated for 2018-19.

**According to the Agriwatch estimates, total cotton production in India likely to decline by around 20-22 lakh bales to approximately 350 lakh bales** from the previous estimates of 371 lakh bales earlier for 2019-20 season. Cotton in Gujarat, Maharashtra, MP and Telangana, all the major cotton producing states were hit by the untimely rains till first week of November which affected the total India's cotton production to decline by around 6-8% from the earlier estimates.

**In Saurashtra region, farmers in Amreli and Sundernagar have complaint for pink bollworm attack after the extended and untimely rains.** Therefore, the state was expecting to produce around 95-100 lakh bales earlier but now only 88-90 lakh bales (-12%) is expected to produce. Similarly other states are also prone to pest attack and the damage caused by the rains is significant than expected. The production likely to decline by 11% in Maharashtra followed by AP and Telangana by -10 to -14% from the previous estimates for 2019-20 season.

### **Weather Forecast for tomorrow:**

During the next 24 hours, scattered light to moderate rains will continue over coastal Tamil Nadu, with light rains over South Andhra Pradesh. Weather to be dry over rest parts of the country. Delhi pollution will be in poor to very poor with severe at few places.

### **International Fundamentals:**

**Cotton futures were up triple digits, DEC 19 Cotton closed at 64.06, up 55 points.** The 12/05 Cotlook A Index was regained all 65 points back up to 74.15. The weekly AWP was reduced to 55.97 cents/lb. on Thursday, effective through December 12.

**The US Export Sales report from USDA showed 163,700 RB of 2019-20 upland cotton sold in the week ending 28<sup>th</sup> Nov'19 were down by 42% compared to previous week.** With major buyers including Bangladesh (65,100RB), Vietnam (34,500RB), Pakistan (12,800RB), and Turkey (10,500 RB). Reductions were from Hong Kong (900RB). For 2020-21, net upland sales of 2,200 RB were primarily for Honduras (1,800RB). Net Upland Shipment for exports of 166,700 RB were down 10 percent from the previous week, but up 15 percent from the prior 4-week average.

**According to the data released by Pakistan Cotton Ginner's Association (PCGA), total of 7.44 million bales of cotton have been arrived on 1<sup>st</sup> Dec'19 in 2019-20 season.** The arrivals were down by 20.49 per cent over arrival of 9.336 million bales during the corresponding period of last season. Total cotton arrivals decreased by 24.06 per cent year-on-year to 4.141 million bales in the major state Punjab. While in Sindh province, cotton arrivals decreased 15.52 per cent to 3.306 million bales as on 1<sup>st</sup> Dec during the ongoing cotton season 2019-20. The textile mills in Pakistan consumed 5.974 million bales, while another 50,430 bales of cotton were sold to exporters.

**The USDA's weekly crop progress report showed cotton harvest crest above 83% complete in the week ending 1<sup>st</sup> December against only 74% in same period last year.** Precipitation slowed harvest in some areas in Texas. The average pace of harvesting is 81%, with Texas has completed 74% harvest, Georgia has harvested 89% of their crop followed by Kansas harvesting 71% of the crop and Missouri harvesting 95% of the crop.

**China and Pakistani cotton yarn trade volume was generally stable in 2019.** Chinese traders mainly suffered losses from early 2019, but Pakistani mills enjoyed tolerable profits, mainly due to the sharp rupee depreciation and China's tariff policy on Pakistani yarn. Amid changes in tariff policies under the FTA, Chinese traders ordered cautiously, leading to slow sales in Pakistani yarn with Dec shipment. In addition, Pakistan's cotton prices rose sharply amid production cut, slower listing, tolerable downstream demand and high tariffs on imported yarn. Due to high cotton prices and the stagnant trade between India and Pakistan, Pakistan's imports of US cotton and Vietnamese yarns increased.

**In 2018-19, Brazil approximately produced 11 million US bales of cotton, up from 9.22 million US bales in the preceding crop year (2017-18).** In 2019-20, the production of cotton is forecasted to amount to 11.97 million bales because of better weather conditions in the country this year.

#### MCX Cotton Futures\*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
19-Dec	60	19190	19420	19170	19140	324	-156	2119	-44
20-Jan	40	19390	19550	19310	19290	148	-219	672	-611
20-Feb	160	19500	19500	19470	19320	58	-750	58	-1482

Spread	19-Oct	19-Nov	19-Dec	20-Jan	--	--
Spot	-				-	-
19-Oct	-	-130	-	-	-	-
19-Nov	-	-	-	-	-	-

(NB: Spread Basis = Spot- Near Month Future) As updated on 9th Dec @ 5.30 pm

\* Updated at as on 09-Dec- 2019 @ 5:00 PM

DOMESTIC PRICES AND ARRIVALCotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	9-Dec-19	7-Dec-19	
Gujarat	Ahmedabad	Shankar-6	5350	5150	200
	Gondal	Shankar-6	5255	5205	50
	Rajkot	B.T. Cotton	5230	5125	105
	Patan	B.T. Cotton	5230	5290	-60
	Kadi	B.T. Cotton	5300	5300	Unch
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	5305	4960	345
Haryana	Bhiwani	B.T. Cotton	5360	5280	80
	Bhiwani	Desi	6350	6350	Unch
	Adampur	B.T. Cotton	5200	5180	20
	Fatehabad	B.T. Cotton	5250	5200	50
	Jind	B.T. Cotton	5430	5400	30
	Uchana	B.T. Cotton	5280	5160	120
	Dabwali	B.T. Cotton	5450	5450	Unch
Rajasthan	Hanumangarh	B.T. Cotton	5125	5125	Unch
	Rawatsar	B.T. Cotton	5100	5085	15
Madhya Pradesh	Khandwa	Mech-1	5400	Closed	-
	Khargaon	Mech-1	5550	5550	Unch
Maharashtra	Amravati	Mech-1	5100	5050	50
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5300	5300	Unch
	Hathras	Desi	4500	4600	-100
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	5411	5333	78
	Hubli	D.C.H.	5500	5400	100
	Hubli	B.T. Cotton	6600	6500	100
	Raichur	H-44 Cotton	NA	5175	-
Commodity	Lint		Prices (Rs./Maunder)		Change
State	Centre	Variety	9-Dec-19	7-Dec-19	
Punjab	Bhatinda	J-34	4030	3960	70
	Abohar	J-34	4020	4000	20
	Mansa	J-34	4025	4000	25
Haryana	Sirsa	J-34	3970	3960	10
Rajasthan	Sri-Ganganagar	J-34	3647	3666	-19

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	9-Dec-19	7-Dec-19	
Gujarat	Ahmedabad	Shankar-6	78200	79900	-1700
	Gondal	Shankar-6	3078	2726	352
	Rajkot	B.T. Cotton	4600	3000	1600
	Patan	B.T. Cotton	20664	24692	-4028
	Kadi	B.T. Cotton	60000	70000	-10000
	Deesa	B.T. Cotton	NA	NA	-
	Dhrol	B.T. Cotton	161	151	10
Haryana	Bhiwani	B.T. Cotton	5000	5000	Unch
	Bhiwani	Desi	20	30	-10
	Adampur	B.T. Cotton	2040	1700	340
	Fatehabad	B.T. Cotton	900	1000	-100
	Jind	B.T. Cotton	884	950	-66
	Uchana	B.T. Cotton	2800	3850	-1050
	Dabwali	B.T. Cotton	5000	2300	2700
Rajasthan	Hanumangarh	B.T. Cotton	500	2000	-1500
	Rawatsar	B.T. Cotton	3000	5000	-2000
Madhya Pradesh	Khandwa	Mech-1	500	Closed	-
	Khargaon	Mech-1	4630	5880	-1250
Maharashtra	Amravati	Mech-1	10000	10000	Unch
	Jamner	Medium Staple	NA	NA	-
Uttar Pradesh	Hathras	B.T. Cotton	5	12	-7
	Hathras	Desi	15	15	Unch
Telangana	Adilabad	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	6911	4634	2277
	Hubli	D.C.H.	NA	NA	-
	Hubli	B.T. Cotton	NA	NA	-
	Raichur	H-44 Cotton	NA	4822	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	9-Dec-19	7-Dec-19	
Punjab	Bhatinda	J-34	10200	6800	3400
	Abohar	J-34	2550	2550	Unch
	Mansa	J-34	1700	1360	340
Haryana	Sirsa	J-34	2550	1360	1190
Rajasthan	Sri-Ganganagar	J-34	4000	2500	1500

Cotton Seed Oil Prices:

Commodity	Cotton Seed Oil	Price	Change
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State	Centre	Unit	9-Dec-19	7-Dec-19	
Gujarat	Rajkot	Rs. /10 Kg.	840	830	10
Delhi	New Delhi	Rs. /10 Kg.	818	800	18
Telangana	Hyderabad	Rs. /10 Kg.	850	840	10
Maharashtra	Mumbai	Rs. /10 Kg.	840	835	5

**Cotton Seed Oil Seed Cake Prices:**

Commodity	Cotton Seed Oil Seed Cake		Price		Change
State	Centre	Unit	9-Dec-19	7-Dec-19	
Gujarat	Mahesana (Kadi)	Rs./Qtl	2067	1965	102
Maharashtra	Akola	Rs./Qtl	2098	1988	110

**Cotton Association of India Spot Rates:**

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				7-Dec-19	6-Dec-19	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	38300	38100	200
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	38800	38600	200
J-34(202)	26mm	3.5 - 4.9	23	37700	37500	200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	39200	39000	200
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	38700	200
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	40300	40100	200
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	39800	39600	200
DCH-32(107)	34mm	3.0 - 3.8	33	40600	40400	200

**INTERNATIONAL PRICES AND INDICES****China Cotton Index:**

Index	Unit	7-Dec-19	6-Dec-19	Change
CCIndex(328)	RMB/Ton	Closed	13051	-
CCIndex(527)	RMB/Ton	Closed	12078	-
CCIndex(229)	RMB/Ton	Closed	13388	-

RMB -Renminbi, 1RMB =0.16 \$U.S.

**China Foreign Cotton (FCE) Index :**

Index	Unit	7-Dec-19	6-Dec-19	Change
FC Index (S)	Cents/lb	Closed	78.77	-
FC Index (M)	Cents/lb	Closed	74.73	-
FC Index (L)	Cents/lb	Closed	73.75	-



**Cotlook Index:**

Cotlook Indices	Unit	6-Dec-19	5-Dec-19	Change
A-Index	Cents/Pound	73.9	74.15	-0.25

**USDA Cotton Spot Rates:**

Growth Area	Unit	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
		6-Dec-19	6-Dec-19	Bales
Southeast	cents/lb.	64.5	66.75	0
North Delta	cents/lb.	63.5	65.75	0
South Delta	cents/lb.	63.5	65.75	976
East TX-OK	cents/lb.	60.75	63	4070
West Texas	cents/lb.	60.75	63.25	20253
Desert SW	cents/lb.	58.5	62.5	447
SJ Valley	cents/lb.	59	67.9	0

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

**Pakistan Cotton Spot rates: As on 06-Dec-2019**

				(in Pakistan Rupees)
Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	8800	160	8960
Equivalent	40 Kgs	9431	171	9602

**Daily Futures Price Listing Fri December 6, 2019**

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Cotton(ICE)									
<a href="#">19-Dec</a>	191206	64.06	65	64.06	65	1.49	221	94	-100
<a href="#">20-Mar</a>	191206	64.51	66.32	64.51	66	1.49	16,596	121,155	-119
<a href="#">20-May</a>	191206	65.5	67.18	65.5	66.85	1.35	4,749	33,127	239
<a href="#">20-Jul</a>	191206	66.75	67.87	66.53	67.51	1.03	1,577	16,337	111
<a href="#">20-Oct</a>	191206	67.76	67.76	67.76	67.76	0.95	1	7	1
<a href="#">20-Dec</a>	191206	67.42	67.98	67.17	67.64	0.53	1,490	24,451	163
Total Volume and Open Interest							24,692	197,012	289

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